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SUBJECT: AZERBAIJAN BEGINNING TO CONSIDERING FUTURE NUCLEAR ENERGY PROJECTS

Classified By: Political Economic Counselor Rob Garverick

¶1. (C) SUMMARY: Special Envoy Frank Mermoud met with the Minister of Emergency Situations during his November 10-14 trip to Baku. They discussed successful past projects, as well as areas for future cooperation and trade in both goods and services, including possible projects for soil remediation, pollution abatement and flood plain management. The Minister even broached the subject of potential future civilian nuclear energy projects in Azerbaijan, expressing interest in technical assistance to develop regulatory standards which were IAEA compliant and conformed to international non-proliferation protocols. End Summary.

¶2. (U) In his November 13 meeting with Minister of Emergency Situations (MES) Kamaladdin Heydarov, Special Envoy Frank Mermoud congratulated the Minister on the recently concluded Presidential elections and the retention of his post as Minister, noting that he had passed a personal greeting from POTUS to President Aliyev earlier at BakuTel. He remarked on the successful cooperation which brought senior Ministry officials to the U.S. to introduce them to relevant products and services of U.S. companies, noting that since there was interest on both sides, "Let's do business!"

¶3. (C) COMMENT: The Minister of Emergency Situations is ubiquitous, with his hands in every thing from construction to customs. He is rumored to have made his fortune while heading up the State Customs Service, and is now heavily invested in Baku's rampant construction boom. Heydarov is close to President Aliyev and it is speculated that he had a hand in the de-facto dismissal of former Minister of Economic Development Heydar Babayev. Babayev was the only Minister not reappointed to his position in the formation of the new cabinet last month, and the rivalry between Babayev and Heydarov was widely publicized in local media. End Comment.

¶4. (U) Minister Heydarov agreed that the mission to the U.S. had been very fruitful and that active cooperation should continue. He went on to describe potential areas of continued cooperation, including soil rehabilitation in former cotton fields, pollution eradication and prevention of the water and beaches on the Absheron Peninsula, rejuvenation of hydro units (power as well as water treatment facilities), and storm drainage and flood plain management.

¶5. (U) Mr. Mermoud acknowledged the potential areas for cooperation, stating that U.S. companies as well as the USG

were eager to offer assistance and training in those areas. He asked the Minister to convey the details of the particular projects to the Embassy, and promised to research the matter with experts in the U.S. to come up with specific recommendations.

¶6. (C) Minister Heydarov then informed Mermoud that the Ministry had been tasked with researching the necessary oversight mechanisms and regulations for possible future nuclear energy plants in Azerbaijan. He noted that while building a reactor and energy issues in general were the purview of the Ministry of Energy, MES had responsibility for regulation and oversight of the various stages of construction and operation. The Minister remarked that although the GOAJ has plenty of oil and gas to serve its current needs, the government was considering the move to nuclear power in the next "20 to 30 years." Heydarov expressed a keen interest in making connections with alternative energy companies who were experienced in advising countries to develop standards which were IAEA compliant and strictly conformed to non-proliferation protocols.

¶7. (C) Mermoud explained to the Minister that the Chairman of the Nuclear Regulatory Commission (NRC) typically provided consultation to countries seeking nuclear, non-proliferation, alternative sources of energy. He also noted that U.S. companies like GE, Westinghouse, Bechtel and CH2M-Hill were experienced in consulting at the very early stages of technical development on such projects. Mermoud promised to follow-up with the Embassy and relevant agencies in Washington to provide the Minister with more information regarding the regulatory framework necessary to move toward concrete cooperation.

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